IT’S THE OILCONOMY, STUPID: MATERIAL WEALTH and THE US PETRODOLLAR

ABSOLUTE MUST READING—CRUCIAL AND BADLY NEEDED TRUTHS

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IT'S THE OILCONOMY, STUPID

PART 3B: MATERIAL WEALTH and THE US PETRODOLLAR

by EAB, October/November 2025

THE US PETRODOLLAR

The meme that the USA is the largest producer and exporter of oil in the world today is bogus for a multitude of reasons that we will expand later. The USA is a high GROSS producer of light, tight, low energy density shale oil (LTO) which is NOT crude oil. The USA is a low NET producer of oil and their **unconventional oil** fracking scheme is a diabolical scam (not to mention a heinous act of environmental vandalism) perpetrated by all sorts of fraud, market manipulations and the US petrodollar privilege.

What matters is NET CRUDE OIL produced from high EROEI **conventional** oilfields, which is all but DEPLETED in the USA.

Two events spawned the unholy creation of the US Petrodollar parasite protection racket scam.

The first event was the threat to the US dollar's "exorbitant privilege". In 1971 Nixon took the US dollar off the gold standard as a consequence of their profligate historical money printing to fund the Korean and Vietnam wars. By 1971, the USA was utterly unable to redeem the hugely inflated dollar amounts circulating internationally for whatever residual quantities of gold the USA had left in its vaults. The USD was now pure fiat currency backed up by nothing, which caused a substantial drop in value of and demand for the USD. This was a mortal threat to the USD's post Bretton Woods status as the International Reserve Currency, the currency which was used as intermediary for all international transactions and hence kept in reserve by all countries of the world.

The second event happened not long after, which "encouraged" the Arab oil exporters to agree with the creation of the US petrodollar and which then not only restored, but set in stone the USD's rock solid status as International Reserve Currency.

In the 1973 Yom Kippur War, the US proxy Israel kicked the asses of the Arabs (yet again). The supremely vexed Arabs then embargoed oil exports to the West in retaliation. US production of conventional oil peaked in 1971, which meant that in 1973 the USA was still near peak oil output and was still legitimately the largest net producer of crude oil in the

world at the time. Nevertheless, it was also the largest oil consumer, because the USA was the largest industrial and agricultural producer in the world then, all run by oil, and needed extra oil imports to slightly top up the huge domestic US production. Note that the OPEC embargo resulted in only a 5% shortfall of oil availability in the USA, yet the price of oil at the pumps went up MORE THAN 4 TIMES!!!! Why? Because the US supply-demand equation was exquisitely sensitive to oil availability back then, because US wealth was intimately tied to real-world production of commodities and goods back then, which depended on real-world oil inputs. This is far less applicable to the US today because of the financialisation / deindustrialisation of today's US house-of-cards economy.

In 1974, Kissinger and Nixon made the Saudis a "Godfather" Mafia offer they could not refuse. The Saudi regime was a greedy, corrupt monarchy who were only interested in one thing: the preservation of their filthy rich status as ruling royals who could pilfer the oil coffers of their country like their own personal piggy bank. They were shit scared that further military victories by the Israelis over the Arab countries would discredit them, destabilise their rule and dethrone them. So the US gave the Saudi Royals an iron-clad guarantee that they would be kept in power in perpetuity by US military might. The US would establish military bases in Saudi Arabia to protect the Saudis from the dreaded Israeli bogeymen (conveniently ignoring the fact that those bogeymen were in fact US proxies). It was a PROTECTION RACKET, in which the US promised to protect the Saudis from the US proxy, so long as the Saudis agreed to the Petrodollar scheme. This scheme required that Saudi oil be sold to ALL countries **in** US dollars only, refusing any other currencies.

To further reassure the Saudis, the USA would sell them US weaponry for Saudi military security (conveniently omitting to mention that even more advanced US weaponry would be provided to the Israelis, requiring that the Saudis would need to regularly modernise their inventory every year in an endless arms race, the USA perpetually selling armaments to both sides for huge profit).

PETRODOLLAR RECYCLING:

The other part of the deal was that any surplus USD the Saudis had left over (after domestic expenditure) must then be used to purchase US "assets", primarily US debt securities (bonds, bills, notes etc), but also US weaponry, and if surplus money still remained, they should invest in US real estate eg overpriced New York skyscrapers.

Hence money that the USA had sent overseas to buy oil subsequently returned back to the USA. Talk about having your cake and eating it!

Within a couple of years, all the Arab OPEC countries had signed up to this scheme. By 1977, most key petroleum exporting countries had agreed to sell their oil exclusively in USD.

OPEC Member Participants

Saudi Arabia, Iraq, Kuwait, Iran, Venezuela, United Arab Emirates, Qatar (which left OPEC in 2019 to focus on gas production), Libya, Nigeria, Algeria, Angola, Gabon, Equatorial Guinea, Republic of the Congo

Non-OPEC Participants

Russia, Norway

IMPLICATIONS OF THE PETRODOLLAR SCHEME

WHAT DID THE US PETRODOLLAR MEAN FOR NON-US COUNTRIES?

The US Petrodollar scheme was a Mafia-like gangster protection racket. Nevertheless, the only path to material wealth was by utilising fossil fuels, of which petroleum was, by a looooooong shot, the KING. Industry (especially mining, manufacturing and construction) and large-scale agriculture all depended on oil.

To the world OIL WAS WEALTH.

For non and low oil-producing countries, the only way to get the oil (=wealth) they needed was to get US dollars and only ways for foreigners to get USD were:

1. To convert their domestic currency to USD in the foreign exchange market (expensive), or

2. More affordably, they could export their products to the USA, who would send them electronically printed USD to buy oil, which would cost the USA NOTHING.

WHAT DID THE US PETRODOLLAR MEAN FOR THE USA?

1. It meant the USA could now get high-quality resources, commodities and products (eg luxury German cars, high-end electronics etc) from the rest of the world by just electronically printing money, it was WEALTH GAINED FOR NO EFFORT, FREE WEALTH.

2. It restored rock-solid credibility to the USD as the global reserve currency, which thus rose in value.

3. Endless printing of the USD that went into overseas bank accounts would not cause domestic inflation within the USA, giving the USA the sense that they could print infinite USD with (apparently) no consequences.

4. Petrodollar recycling meant that US debts were now underwritten by oily dumbass foreigners, which meant that the USA could now embark on an unlimited frenzy of "infinite" deficit spending with (apparently) no consequences.

5. It hugely increased the demand for weapons from the US MIC, who were laughing all the way to the bank

6. It increased the demand and hence price of particular US real estate assets, and particular profiteering NY property tycoons were laughing all the way to the bank.

- The US Petrodollar scheme was a plan so cunning you could put a tail on it and call it a weasel.

- The US Petrodollar scheme was like winning a *magic pudding* type lottery ticket, gaining bottomless wealth for no effort.

- The US Petrodollar scheme was a first-class ticket on the craziest rich gravy train beyond the wildest imaginations of unfettered avarice and greed, beyond the wildest rapacious wet dreams of the most rabid capitalist blood sucking leeches.

- The US Petrodollar scheme, (apart from the Fed [= *cabal of private banks*] “getting” the right to print USD in 1913), was the **SCAMMIEST SCAM IN THE HISTORY OF SCAMMERY.**

- The US Petrodollar scheme enshrined the **USA's STATUS AS THE NUMBER ONE PARASITE** on planet Earth ever.

NOTE: Wikipedia explains practically none of the factual historical basis of the US petrodollar (has only a small entry about petrodollar recycling). There is no page explaining in detail the US Petrodollar per see, and a search for that term sends you to "Petrocurrency", which talks about the different currencies of oil-exporting states. Why the lack of information? Perhaps the USA deep state wants everyone to remain ignorant about this monumental US scam.

https://tfiglobalnews.com/2023/08/03/cia-and-fbi-have-been-modifying-wikipedia-articles-since-2007-admits-wikis-co-founder/

ATTEMPTS TO PRESERVE THE PETRODOLLAR

The unprovoked invasion of Iraq by the USA in 2003, based on LIES was 100% about maintaining the US petrodollar privilege. It occurred shortly after Saddam declared he was going to sell his oil in Euros rather than USD. Immediately after the US invasion, all Iraqi oil exports were again denominated in USD. A couple of years after the invasion, the US occupiers started selling off the Iraqi oil fields they had stolen. They auctioned their ill-gotten gains to the highest bidders, including the Chinese. The US then bleated, "hey look, we are selling Iraqi oilfields to non-US companies, which proves our invasion was NOT about oil".

Bullshit.

Why go to all the trouble and cost of physically extracting and exporting petroleum with all the attendant maintenance hassles, when you can simply get other dumb suckers to do all the hard work and you get the value of all that oil for FREE, courtesy of your petrodollar privilege? Iraqi oil exported by a Chinese company could only be sold to a buyer eg Germany using USD ,which the Germans obtained by exporting high tech / luxury German goods to the USA which the USA "bought" by simply electronically printing USD out of NOTHING. That material windfall does not go to the US people; it is pocketed by the money printing Fed (= cabal of private banks) and is then used to fund the nefarious activities of the Blob, especially the 800+ overseas US military bases.

No more petrodollar, no more nefarious activities of the Blob.

The Killary/Obama carpet bombing of Libya in 2011, the most prosperous and successful African country up to that time, was 100% about maintaining the Petrodollar status.

Gaddafi was going to sell Libyan oil in a gold-based African Dinar, bypassing the USD.

https://theecologist.org/2016/mar/14/why-qaddafi-had-go-african-gold-oil-and-challenge-monetary-imperialism

Result of the bombing? Complete destruction of Libya as a functioning society, civil war, open-air slave markets. But hey, a great save for the Petrodollar.

Killary Klinton famously cackled like a demented witch over the news that Qaddafi had been anally raped to death with a bayonet. Are you not entertained?

UNEXPECTED CONSEQUENCES OF THE US PETRODOLLAR

Just like ecstatic lottery winners who did not realise that their financial windfall would eventually destroy them, the USA did not realise that their Petrodollar windfall contained

within itself the seeds of its own destruction.

If you can get all the high-quality goods and manufactured products you want from overseas for free, why bother to make your own? Why bother to develop and maintain your own industries? Why bother to employ workers in factories who need to be trained and paid (with benefits) when they are now, quite frankly, irrelevant? (at least to the Big Money Capitalists who run the USA). If you no longer need educated workers, why bother to fund education?

The temptations to offshore all manufacturing (except weapons), to deindustrialise and to ignoramisize (a word I just made up) the USA were overwhelming to the Big Money Capitalists that ran the USA and that is what indeed progressively occurred ever since 1974. The progressive deindustrialisation and stupefaction of the USA. Ever heard of the movie “Idiocracy”? It was intended to be comedy fiction but turned out to be a documentary.

The neoliberal economic Krony Kapitalist Kleptocrats, unlike the Industrialists of the Gilded Age, mistook money for material wealth and believed that wealth was gained by financial shenanigans and legerdemain, rather than by actually making stuff.

Here's another problem:

Having a global reserve currency that all other countries had a high demand for meant that the USA ALWAYS had to run a trade deficit, it ALWAYS had to import more than it exported, so that large amounts of US dollars could be made available to the rest of the world for the financial system to function. This was another strong impetus for the USA to deindustrialise in order to reduce US exports, and has contributed to today's monumental USD $37 trillion in public debt (which requires more than $1 trillion in interest payments to creditors annually) which can NEVER be paid off.

Trump's tariff war with the whole world started on 2 April 2025 and was triggered using the excuse that the USA needed to establish an even trade balance to reduce its deficits. However, the USA's chronic trade imbalance was the direct result of the Petrodollar scheme, which bolstered the USD status as global reserve currency, which Trump said he was determined to preserve. It is simply impossible to maintain the USD as global reserve currency and also achieve trade balance, because they work in opposite directions. This has been called the “Triffin dilemma” by the economist who first identified it and is well explained by Professor Radikha Desai in her interviews and commentaries. (See below)

THE LOOMING END OF THE PETRODOLLAR: DEATH BY A THOUSAND CUTS

US military power has steadily declined since 2011 despite ever-increasing US military expenditure, which was dwarfed by the ever-worsening price gouging, profiteering and grift by the MIC which produced overpriced, underperforming, unfit-for-purpose, high-maintenance weaponry. In 2021 Biden abruptly pulled out of Afghanistan, fleeing like a beaten dog with its tail between its legs.

In 2022 after the USA cut Russia off from Western trade and financial frameworks, Russia (the largest crude oil exporter in the world) then sold its oil to India initially in Rupees (now in Yuan) and to China in Yuan.

Iran today exports oil to China for Yuan.

Venezuela today exports oil to China for Yuan.

In 2023 the UAE started quietly selling oil to China for Yuan. Biden then tried to persuade the Saudis to maintain the US petrodollar status and forsake all links with China. Result? In 2024 the Saudis declined to renew their 50-year-old memorandum of understanding for the US petrodollar status.

Are the Saudis still scared of the Israeli bogeyman? Not after the Israelis got their asses kicked by the Iranians in the so-called twelve-day war in 2025, and Israel is now teetering on the edge of civil war and social collapse and has already economically collapsed, now 100% dependent on US life support. In fact, the Saudis today are more afraid of the Yemenis, who, a few years ago, forced the Saudis to cease their genocidal bombing of Yemen, because Ansarallah showed they could strike Saudi oil installations with their missiles with impunity. The Saudis today are even more afraid of Iran, which is magnitudes more powerful than Yemen, much more capable of destroying all Saudi oil facilities within minutes. Result? The Saudis brokered a peace deal with the Iranians mediated by the Chinese a couple of years ago.

Here is another revoltin' development: In September 2025, Israel bombed Qatar in an attempt to assassinate Hamas PEACE negotiators. That airstrike was 100% sanctioned by and known to the USA. The nearby US airbase bristling with long-distance high-tech ISR equipment had absolute foreknowledge of the Israeli attack. That attack represented a BETRAYAL OF THE US PETRODOLLAR AGREEMENT. Those Arabs who had signed up to the Petrodollar scheme, who had bought US military hardware and had allowed US military bases on their soil, had been promised by the USA they would be protected from Israeli aggression. If the USA has now reneged on that agreement, those Arab oil and gas exporters must now consider themselves free to export their fuels for any currency they choose.

Why should the Saudis now export their oil only in USD today? Why should they accumulate more US bonds, stored in US banks, when the US could seize them at any moment, just as the Europeans and the US seized $300 billion equivalent of Russian foreign reserves in 2022? Why should they invest in US bonds when the US bond market is declining and even the vassal Japanese in 2025 started to shed US bonds (as soon as the Trump tariffs started to go pear-shaped)? What can the Saudis buy with devaluing US bonds, what material goods and commodities does the USA produce other than overpriced, underperforming military paperweights and Iron Sieve phoney missile defence systems? US bonds represent trillions of dollars of irredeemable US debt, which anyone with two functioning brain cells knows that the USA will, in due course, hyperinflate away to make their irredeemable debt vanish.

On the other hand, what can the Saudis buy with the Chinese Yuan? Apart from upgraded airports and seaports, high-speed electric rail, 100% renewable electricity infrastructure, nuclear power plants, brand new cities and roads, high technology imports (chips, computers, electric cars and buses), military hardware superior to European technology, etc, etc?

The US Petrodollar scheme was *the* single measure that enabled the USA, ever since 1974, to hugely expand its global military footprint, now with 800+ military bases around the world, funded not by the hard work and productivity of US citizens, but by the scammiest scam in the history of scammery.

If the US Petrodollar ends, the entire US MIC (and entire fraudulent financialised deindustrialised US economy) will collapse. Hence, the US MIC will fight against the loss of the Petrodollar to the very last oil producer.

This is what the USA's confrontation with Russia today is all about.

This is what the USA's confrontation with Iran today is all about.

This is what the USA's confrontation with Venezuela today is all about.

Those confrontations stem from the US wet dream of regime change to replace those governments with puppets who will restore the US Petrodollar privilege. This will fail.

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ERIC A BLAIR is the nom de guerre for a scientific/medical philosopher living in one of the Hegemon's satrapies known as Airstrip Three (not quite the Belly of the Beast but Belly Adjacent and fully propagandised). After the unprovoked invasion of Iraq in 2003 based on US lies, he realised his pathetic lifetime attempts to do good were useless, indeed meaningless, compared to the monstrous mass murders and mayhem perpetrated by the Evil Empire. This raised the question as to whether one can claim to be a good person without actively opposing evil, and what form such opposition should take. That can only be answered by each individual for themselves. From each according to their abilities. He is currently pursuing enlightenment while chopping wood and carrying water...